

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 14, 2002

H.R. 5127

A bill to amend title 38, United States Code, to provide for payment by the Secretary of Veterans Affairs of dependency and indemnity compensation to the surviving spouse of a deceased veteran who for at least one year preceding death had a combination of service-connected disabilities rated totally disabling that included a compensable service-connected cold-weather injury

As introduced on July 15, 2002

SUMMARY

H.R. 5127 would expand eligibility for dependency and indemnity compensation (DIC) to survivors of certain veterans who had a service-connected injury caused by exposure to cold weather and who were rated totally disabled for at least one year prior to their death. CBO estimates that enacting the bill would increase direct spending by less than \$500,000 in 2003, \$15 million over the 2003-2007 period, and \$72 million over the 2003-2012 period.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 5127 is shown in the following table. The costs of this legislation fall within budget function 700 (veterans benefits and services). This estimate assumes that the bill is enacted early in calendar year 2003.

	By Fiscal Year, in Millions of Dollars				
	2003	2004	2005	2006	2007
	CHANGES IN DIRE	CT SPENDIN	G		
Estimated Budget Authority	a	2	3	4	6
Estimated Outlays	a	2	3	4	6

BASIS OF ESTIMATE

Under current law, survivors of veterans who die as a result of a service-connected disability are eligible to receive dependency and indemnity compensation. Survivors of veterans who die from a nonservice-connected condition also can qualify to receive DIC if the veteran was:

- Continuously rated totally disabled for at least 10 years prior to their death,
- Continuously rated totally disabled for at least five years after discharge from the military, or
- A former prisoner of war and continuously rated totally disabled for at least one year prior to their death.

H.R. 5127 would extend eligibility for DIC to dependents of deceased veterans who were rated totally disabled for at least one year prior to their death and who had a cold-weather injury included as a part of their veterans disability rating.

Based on information provided by the Department of Veterans Affairs (VA), CBO estimates that as of July 2002, about 30,500 veterans had a cold-weather injury included as part of their overall disability rating and that about 8,670 of these veterans were rated as totally disabled. CBO estimates that about 650 more veterans with a cold-weather injury would be rated as totally disabled by VA each year over the 2003-2012 period. According to VA, the time required to reevaluate a veterans' disability rating can range from six months to over one year. Because VA considers a veteran's approved rating to be effective from the date of application, CBO assumes that every veteran who would be rated totally disabled at their death would meet the one-year requirement under H.R. 5127.

CBO estimates, based on information provided by VA, that about 75 percent of the survivors of these veterans would already be eligible to receive DIC under current law. After applying

age-specific mortality rates to these veterans and their survivors, CBO estimates that about 35 additional survivors would be eligible to receive DIC in 2003 under H.R. 5127, and that the number of survivors eligible under H.R. 5127 would increase each year, reaching 400 survivors in 2007 and about 950 survivors in 2012.

According to VA, the average annual DIC payment in fiscal year 2001 was \$11,942. Such payments are adjusted annually for increases in the cost of living. Assuming that new payments would begin in April 2003, CBO estimates that enacting this bill would increase direct spending for DIC by less than \$500,000 in 2003, \$15 million over the 2003-2007 period, and \$72 million over the 2003-2012 period.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 5127 does not contain any intergovernmental or private-sector mandates as defined in UMRA and would not affect the budgets of state, local, or tribal governments.

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